Finance Committee

TOWN OF HALIFAX

499 Plymouth Street

Halifax, MA 02338

**Meeting Minutes**

**Monday March 1, 2021**

**Committee Members Present**: Cheryll Zarella Burke, Fred McGovern, Drew McGlincy, Tom Connolly, Joe Vetrano

Also, in attendance in the audience were: Charlie Seelig, Sandy Nolan, Jean Gallant, Barbara Gaynor

The meeting was recorded by Zoom

The Finance Committee started by meeting with the Halifax Elementary School Committee via Zoom at 6pm

Following are the notes from the Fin Com participation at the beginning of the HES Zoom meeting:

Gordon Andrews called the meeting to order at 6:04pm

Gordon asked if the Finance Committee members had anything to say to the HES committee in regard to the FY22 budget. Fred said the overall increase in school budgets of $701,000 for FY22 is not sustainable and can not be handled by the Towns this year. He said even with a full Proposition 2 and one half amount we can only increase the entire Town budget by approximately $434,000. Fred said he would like to see some line item detail showing how the money at the elementary school is being allocated. He said FY21 was an increase of 5% over the previous budget year but members were willing to say “ok, this is due to COVID.” So therefore, with a budget that reflects a full return to school we would expect to see something closer to the historical 1.49% budget increase in a year. Fred stated again that the Town just can not handle this kind of massive increase in the budget year after year. He wanted to know when are we going back to reasonable increases. Gordon stated that this budget is based on a full back to school model and if there is going to have to be hybrid learning, then that would throw all the numbers off again. Fred said the increase for the HES alone was about 3.4% and the increase for Silver Lake was about 5.2% and it resulted in just over a 5% increase overall. Gordon said he agreed with the Finance Committee (as he was previously a member) that the School budget is unsubstainable. Gordon said that if Silver Lake doesn’t adjust their budget there will have to be massive cuts at the elementary school level. Summer asked if the Finance Committee would like to give the School Committee a certain percentage that they should try and keep their budget increase under. Fred said the Town would like to see something like level funding with steps only, which is what the Finance Committee is currently asking Town departments to do. Summer asked if an email could be sent with the amount that would be.

The Finance Committee left the HES Zoom meeting and returned to their own Zoom meeting.

**Fred called the Finance Committee meeting to order at 6:13 pm**

Fred and Joe had some discussion about the 5% increase in the school budget while they waited for a quorum of members to attend the meeting. They both stated they couldn’t see how such a budget could be recommended.

Drew joined the meeting at 6:23pm to make quorum

**Fred entertained a motion to accept the meeting minutes from 2/22/2021**

Motion: Cheryll

Second: Tom

**AIF**

There were no Reserve Fund Transfers

Linda said the only new correspondence was the letter from the Selectmen saying that Deb and Joe had been appointed to the Finance Committee. Also there was the email that Charlie had forwarded to all members regarding the list of Law firms who had been sent the RFP for the Zoning revisions.

Fred said Sandy had sent out new budget information with level funded numbers. He said Fin Com should start by voting to use the policy of starting with level funding and steps only and then if there is money left (such as in Sandy and Charlie’s new proposed budget) then they can decide how the money will be allotted. Sandy said the file was titled FY22 budget with 3/1 update in the shared folder. Fred asked if the newer members understood the terminology when the “levy limit;’ is referred to. Sandy explained how the Town has to figuour out the levy limit and how much they are allowed to tax residents. Sandy said currently the levy limit is at about 18.6 million. She said for the last three years the Fin Com has taken the approach of leaving $300,000 “on the table” or untaxed under the levy. They have tried not to tax residents fully. Sandy said if we were to tax fully to the levy, the tax bills would see massive increases. Fred said next week would be a good time to take a vote of the Fin Com if they wish to leave the $300,000 on the table and not tax to the limit. Fred asked if the PILOT agreements for solar fields go into property tax amounts and are we losing money by entering these agreements. Charlie said by law we can’t tax solar farms. He also said that often it involves land that might not be buildable anyways and so now we are at least getting some value from the land. He said the PILOT agreement replaces property tax we may have gotten. Fred asked how marijuana establishments would be affected by this. Charlie said the farms would pay a property tax on the farm land and that if it was a retail establishment we may also get taxes from things like property taxes or sales tax.

Jean Gallant asked if the $300,000 was a savings account. Sandy said it was not savings, in fact it is simply money we never collect in taxes because we choose not to tax the taxpayer that money but it does give us a bit of a cushion to work with if residents choose to go over what was budgeted by voting additional items at ATM. Jean asked what new growth was. Sandy explained that is simply any new building that happens during the year, hence if house or new business is built then that is added tax money the Town can get. Joe asked what happens with unused levy money. Sandy said since it is never billed we never collect it, therefore there is nothing to be done with it. Charlie said the two other categories we consider for revenues are local receipts and local aide from the State. Joe asked about the estimated receipts column. Sandy said we use FY21 estimated to figure FY22 local receipts estimates. Sandy said for example, the excise for FY22 might be a little bit higher than what was originally estimated because they expected them to drop due to COVID but so far they look good. Sandy said the estimated local receipts are really just the best possible educated guess but she likes to tend towards the conservative estimates so as not to get caught short on funds.

Fred asked how the water revenue was looking. Joe said he had noticed the uncollected amount for water was high. Sandy said she could look into it. She said due to COVID we are not shutting off people’s water which is usually the most effective way to get payment. Tom asked Sandy how she comes up with the water revenue amount of $966,000 or so. Sandy said the water accounts are an enterprise account. What they spend, they take out of their retained earnings. They are a self-sustaining department. Sandy said Recycling is similar in that they too are supposed to be self-sustaining. Their fees pay their expenses. Unfortunately, this year the Town may have to subsidize recycling from the general fund because recycling costs are up so much. Tom said he wasn’t sure that the Water superintendent understood that he had the Water Reserve Fund available to him if he needed it and so he felt that he was padding his budget a bit to make up for that. Sandy said it is better to keep the water reserve fund up around $50,000 because generally any repairs that need to be done cost major money.

Sandy said the new budget she had presented was to level fund any lines (except those going down), and give any steps that are due and fulfill any contractual obligations. She said she also left the fixed costs alone because we can’t level fund them because there is nothing, we can do about them. Sandy said the budget is a rough draft for now to give the Fin Com an idea of where to start. Sandy said for example, she took the lieutenant wages out of the Police wages account because it has not been voted by the Selectmen yet to approve the position for this year. She said this might not be the year we can do it. She said that overall the budget the way she and Charlie presented it now, leaves about $121.000 to work with to give back things that are requested. Sandy and Fred agreed that once we find out what the HES steps will cost, that could very well chew up the whole $121,000 so we should start by finding that out. Sandy said that historically the school puts out a Version 1 budget which is somewhat like a wish list. Then they put out a Version 2 and sometimes a version 3. She said we should be asking the school to do the same thing we ask the Town to do. Fred questioned if there were other things that maybe we should look into with the school budget. He asked if for example, with Gordon being on the School Committee and a Selectman if that might possibly makes us susceptible to more lawsuits given the several already pending against the Town vs Mr Andrews. Charlie said he did not see that as likely. He said Gordon is very good at separating the two different boards and wearing one hat at a time. Charlie also said that the school has its own law account and nothing has nothing to do with the Law line in the Town side of the budget. Charlie also said that per the State, there is no Conflict of Interest for Gordon sitting on both boards.

Sandy and Charlie said they would be meeting soon and discussing the data processing budget. Sandy said the Fin Com should notify departments after they take a vote on 3/8 and let the departments know if they intend to level fund. Sandy noted that the Police and Fire budgets went up quite a bit and suggested if they have to level fund but still want new items, maybe they can figure out how to absorb some of the increases by lowering other lines within their budgets.

Charlie said he hoped to go to press with the warrant by 4/8/21 so the budget would need to be voted by 4/5 at the latest. Charlie said the Fin Com could start by voting budgets that are going down or at least level funding.

Charlie said the school budget is 10 million dollars and even if it decreased by 1% still all the money available in the budget would disappear before any general wage increases were even considered. Charlie said Fin Com is simply going to have to say “no” a lot.

Joe Vetrano questioned if the budget is off by $600,000 when we leave $300,000 on the table. Sandy said yes, that is why she did a revised budget suggestion from the original budgets submitted by departments. Tom said the expenditures sheet is a 1.2 million dollar increase for a total ask from FY21 to FY22. He said that of that total ask, the Police, Fire and Schools take up about a million of that. Sandy said it would be hard to assign a specific % to keep to but Tom suggested the Fin Com ask for a flat budget plus mandates to start and see where the Town is. Charlie said that he or Sandy would contact Christine Healey to ask for what the total dollar amount for steps (lane changes) within the HES budget is. He said it is harder to get that information for the SiLver Lake budget but they would request that too. Fred asked about additional money that the Town might get from the State for school related COVID expenditures. Charlie said the money would then only be allowed to be spent on COVID related expenditures, and that it is not something that would continue indefinitely so you can’t use it to fund budgets. Fred asked about the positions the school wanted to continue. Charlie said again, budgets can only be set on what we already have and not on possible reimbursements.

Tom Connolly asked when we would know about possible adding staffing in the Police department (referring to the possible lieutenant) and when the Selectmen might vote on whether to support that this FY. Charlie said he wasn’t sure and it just might again be that the Fin Com will have to say “no” a lot.

Fred said we may need to add more meetings in March and asked if there was another night that would be good for people. Joe said Wednesdays are best for him. Charlie agreed that worked for him. Cheryll and Tom said it could work for them also. Fred asked that Fin Com be posted for every Monday and Wednesday in March.

There was no discussion of Wage and Personnel amendments.

Sandy said that the Capital Planning Committee would be meeting this Wednesday and would hopefully have recommendations to give the Fin Com within a couple of weeks. She said we also need to be careful with Free Cash in case there are expenditures which the CARES act will not cover because she hasn’t heard back with approval on all the expenditures submitted. Charlie said there were no other outside articles that he knew of other than the usual ones.

**Fred entertained a motion to adjourn at 7:22pm**

Motion: Cheryll

Second: Tom

**AIF**

Respectfully submitted,

Linda Cole, Secretary \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Tom Connolly, Clerk